



Presentation to the Audit Committee of the City of
San Diego

San Diego Housing Commission

November 30, 2011

The Audit Committee

Dear Audit Committee Members:

We are pleased to present the results of our audit of the June 30, 2011 financial statements of the San Diego Housing Commission (Commission).

This presentation summarizes our audit, the scope of our engagement, and key observations and findings from our audit procedures to date. The document also contains the Audit Committee communications required by our professional standards.

The audit is designed to express an opinion on the June 30, 2011 financial statements of the Commission. In accordance with professional standards, we obtained a sufficient understanding of internal control to plan the audit and to determine the nature, timing, and extent of tests to be performed. However, we were not engaged to and we did not perform an audit of internal control over financial reporting.

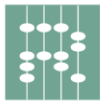
At Reznick Group, we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide us with feedback to ensure that we do not overlook a single detail as it relates to the quality of our services.

This report is intended solely for the information and use of the Audit Committee, Board of Commissioners and management, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate this opportunity to meet with you to discuss the contents of this report and answer any questions you may have about these or any other audit-related matters.

Very truly yours,

Ahamadou Alainchar Bocar
Principal
Reznick Group



Executive Summary

Summary of What We Agreed to Do

- Audit of the financial statements of the Commission and its component units as of and for the year ended June 30, 2011 and we have issued the following Reports:
 - Audited Financial Statements and CAFR of the Commission
 - Single Audit Reports
 - Audited Financial Statements of Otay Villas Project
 - Audited Financial Statements of Scattered Sites Project
 - Report to the Audit Committee and Those Charged with Governance

Findings and Observations

- No material weakness or significant deficiencies

Required Communications

- Professional standards require the auditor to communicate certain matters to the Audit Committee that may assist the Committee in overseeing management's financial reporting and disclosure process.

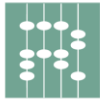
Consideration of Fraud in a Financial Statement Audit

- Based upon work performed, no instances of fraud noted

Required Communications

Below we summarize these required communications as they apply to the Commission:

- Auditors' responsibilities under generally accepted auditing standards
 - The financial statements are the responsibility of management. Our audit was designed in accordance with auditing standards generally accepted in the United States to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatement. As a part of our audit, we obtained an understanding of internal control sufficient to plan our audit and to determine the nature, timing, and extent of testing performed. However, we were not engaged to and we did not perform an audit of internal control over financial reporting.
- Our judgments about the quality of the Commission's accounting principles
 - There were no unusual accounting policies or significant unusual transactions affecting the financial statements of the Commission that we audited.
- Sensitive accounting estimates
 - Useful lives of fixed assets and depreciation
 - Allowance for uncollectible accounts
 - Collectability of notes receivables
- The adoption of, or a change in an accounting principle
 - No change or adoption of accounting principles.
- Methods of accounting for significant unusual transactions and for controversial or emerging areas
 - We are not aware of any significant unusual transactions recorded by the Commission or of any significant accounting policies used by the Commission related to controversial or emerging areas for which there is a lack of authoritative guidance.
- Significant audit adjustments
 - Three adjustments provided by the Commission
- Unadjusted audit differences considered by management to be immaterial
 - There are no passed adjustments.



- We are not aware of any fraud or illegal acts. Our Engagement team held discussion and brainstorming regarding Fraud and we interviewed staff of the Commission and the Audit Committee as to their knowledge of any potential fraud within the Commission.
- Material weaknesses and significant deficiencies in internal control
 - There were no material weaknesses or significant deficiencies associated with the audit of the Commission.
- Disagreements with management
 - There were no disagreements with management.
- Serious difficulties encountered in dealing with management when performing the audit
 - There were no serious difficulties encountered with management.
- Major issues discussed with management
 - No major issues were discussed with management.
- Consultation with other accountants
 - We did not consult with other accountants during the course of our audit, and did not note that the Commission consulted with any other accountants.
- Independence
 - Reznick Group has standard practices to ensure the independence of our principals and employees from our clients. There are annual independence certifications required for each employee and then additional independence confirmations of each audit engagement team member before any audit work commences related to a specific client. There are currently no other non-attestation services being provided to the Commission, except for tax return preparation.